



Department of Justice

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FORMER SALES REPRESENTATIVE IN CALIFORNIA CONVICTED FOR ROLE IN SCHEMES TO DEFRAUD THE FEDERAL E-RATE PROGRAM

WASHINGTON —A federal jury in San Francisco today convicted a former sales representative in California for her role in schemes to defraud the federal E-Rate program, announced the Department of Justice. Judy Green, of Temecula, Calif., was convicted on all charges in a 22-count indictment involving fraud, collusion, aiding and abetting, and conspiracy in connection with E-Rate projects at schools in seven states—Arkansas, California, Michigan, New York, Pennsylvania, South Carolina, and Wisconsin.

The E-Rate program subsidizes the provision of Internet access and telecommunications services, as well as internal data and communications networks, to economically disadvantaged schools and libraries. The program was created by Congress in the Telecommunications Act of 1996 and is administered by the Universal Services Administrative Company (USAC), a non-profit corporation, under the auspices of the Federal Communications Commission (FCC).

“Today’s guilty verdict underscores the Antitrust Division’s resolve to continue to prosecute and bring to justice those who engage in collusive behavior that harms our nation’s schools,” said Thomas O. Barnett, Assistant Attorney General in charge of the Department’s Antitrust Division. “We are gratified that the jury confirmed our efforts to protect competition in this important program.”

On December 8, 2005, Judy Green, five other individuals and six companies were charged with participating in schemes. They were:

- Video Network Communications Inc. (VNCI) - Portsmouth, New Hampshire;
- Howe Electric Inc. - Fresno, California;
- Sema4 Inc. - San Juan Capistrano, California;
- Digital Connect Communications - San Juan Capistrano, California;
- Expedition Networks, Ltd. - North Hills, California;
- ADJ Consultants Inc. (ADJ) - Temecula, California;
- Judy Green - Temecula, California - Former Sales Representative for VNCI, Co-Owner of ADJ;
- Allan Green - Temecula, California - Co-Owner of ADJ;
- George Marchelos - Saratoga, California - Former Sales Representative for VNCI;
- Steven Newton - San Juan Capistrano, California - Former Vice President at Premio Computer Inc.;

- Earl Nelson - Sonora, California - Former Branch Manager for Inter-Tel Technologies Inc.; and
- William Holman - Dallas, Texas - Former Vice President of Sales for NEC-BNS.

Expedition Networks, Ltd. pleaded guilty and was sentenced to a fine of \$5 million. Allan Green, George Marchelos, Steven Newton, Earl Nelson, and William Holman have pleaded guilty and are awaiting sentencing. Charges against Howe Electric Inc. are pending. VNCI, Sema4, Digital Connect, and ADJ Communications are defunct; charges against them have been dropped.

The charges announced today resulted from an ongoing federal investigation of fraud and anticompetitive conduct in the E-Rate program. The investigation is being conducted jointly by the Antitrust Division, with the assistance of the San Francisco, Los Angeles, Fresno, and Detroit offices of the Federal Bureau of Investigation.

Anyone with information concerning fraud or anticompetitive conduct in the E-Rate program should contact the Cleveland Field Office of the Antitrust Division at 216-522-4070 or the San Francisco Field Office of the Antitrust Division at 415-436-6660.

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